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SUBJECT: SPD's New Direction to Face Test in Hesse Election

REF.: Berlin 1977; Berlin 2004

Sensitive but unclassified; not for internet distribution.

¶1. At the October 26-28 Social Democratic Party (SPD) national convention, the party's decision to adopt a platform advocating greater "social justice" bolstered the prestige of the Hesse SPD. Facing a state election in January 2008, Hesse SPD candidate Andrea Ypsilanti gained influence and esteem during the convention as the national party's agenda moved closer to her own. The Hesse election will test not only Ypsilanti's popularity with the electorate, but also the popularity of the SPD's new platform in an important German state. END SUMMARY.

National Party Follows Hesse to the Left  
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¶2. The SPD national convention in Hamburg saw several grassroots initiatives push the party agenda slightly to the left, more in line with the direction advocated by Hesse Party Chairperson and Minister President candidate Andrea Ypsilanti. The proposal to put technical restrictions on the building of coal-fired power plants began as an initiative of the Hesse SPD. The Hesse SPD leadership has also long advocated the creation of people's shares (Volksaktien) in the Deutsche Bahn ownership structure as a way of warding off foreign buyers, an idea that carried the day at the convention over the national party leadership's wishes.

¶3. In another clear victory for the Hesse SPD, Ypsilanti received 444 votes for the national party board, second only to party chairperson Kurt Beck and ahead of Foreign Minister Frank-Walter Steinmeier. The result bolsters Ypsilanti, a relative unknown outside Hesse and the SPD, in an election year and affirms the national party's support for her politics. The Party Whip of the Hesse SPD, Norbert Schmitt, told Pol Specialist that the "consistent, critical but constructive approach of the Hesse SPD and its many initiatives in recent years have been acknowledged and rewarded. The Hesse SPD feels that its course has been confirmed by the national convention."

Ypsilanti - From Outlaw to Emblem  
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¶4. Ypsilanti has long been identified with the SPD's left-wing and is well known for her opposition to the Agenda 2010 economic reforms pushed through by former SPD Chancellor Gerhard Schroeder. At the time, she criticized the Agenda 2010 and Harz IV reforms as economically unjust, prompting Schroeder's famous remark: "I will not let the Ypsilantis of this party dictate my politics." Under Beck, the SPD appears to have chosen to move in the direction of Ypsilanti's original politics instead of reaffirming Schroeder's reforms and taking credit for the subsequent economic upswing. Ypsilanti's selection as Hesse SPD chairperson in December, 2006 signaled the Hesse SPD's shift to the left, in opposition to the more centrist course advocated by her party rival, Juergen Walter. Her selection, unpopular among SPD voters in Hesse at the time, presaged the current divisions within the national party over the

Schroeder reforms.

A House Divided

16. The Hesse SPD remains divided going into the 2008 state election. With current polls showing the SPD at 30% and the CDU at 43%, the centrists of the Hesse SPD argue that the party needs to take credit for the current economic upswing by trumpeting its role in the Schroeder reforms. Walter, an unwavering supporter of Agenda 2010, told Poloff that "this is no way to win an election," arguing that the party should be reaching to the center to appeal to a wider electorate. Walter pointed to the party's 20% poll numbers in Frankfurt calling them "a disaster." For Walter, the change in direction may have bolstered Ypsilanti in the party, but it only forces the party to compete with the Left Party for left-leaning voters, rather than reaching for the larger amount of voters in the center.

17. COMMENT (SBU): Two short years have brought the rise of Ypsilanti from a maverick under Schroeder to an influential leftist voice in the SPD. Before the SPD's national convention in Hamburg, party members often called the Hesse SPD "the last village in Gaul to resist Roman rule." The question now becomes whether Ypsilanti can translate her popularity in the party to electoral success among an electorate which has approved of the government's economic reform programs in the past. Ypsilanti runs the risk of failing to appeal to both the moderate center and more left-wing voters. Voters will decide on January 27 whether Ypsilanti's call for social justice in a time of economic growth resonates outside the party. The national SPD will pay close attention as its new direction is put to its first test in Hesse. END COMMENT.

18. This cable has been coordinated with Embassy Berlin.

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